

The Significance and Measurement of Trust in the Organization in the Light of the Empirical Studies¹

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Abstract. The fact that the problem of trust inside and between organizations as well as on the macro scale is becoming more and more important shows that it is a crucial element of management. A selection of the optimal solution requires having absolute trust in the other party. Trust underlies all business relations in the days of modern technology which facilitate an activity in the geographic space without limits. The research points to the relation between an enterprise's results, its innovation and competitiveness and the level of corporate trust. This article presents the measurement and analysis of trust in a group of 262 respondents. The following dimensions of trust inside organizations were taken into account: institutional, vertical and horizontal trust. Different aspects of trust depending on the respondent's particulars and a represented company were also analyzed.

Keywords: Inter-Organisational Trust, Vertical Trust, Horizontal Trust, Organization, Poland

1. Introduction

When there is a necessity to take an action, despite uncertainty and risk, trust becomes the key strategy of handling the uncertainty and impossibility of controlling the future. Trust means a belief in particular actions or properties of a subject being trusted, "a bet on uncertain future actions of other people" [1 p. 69]. The notion of trust is defined in the context of many disciplines, such as: economy, organization and management theory, sociology, political sciences, and psychology. It is a multidimensional construct which involves interpersonal trust [2], trust between organizations, the so-called interorganizational trust [3], political trust [4], social trust [5], and intra-organizational trust in co-workers – the so-called horizontal trust [6], trust between supervisors and subordinates – the so-called vertical trust [7], as well as trust in organizations [8].

According to the definition of Zaheer et al. [9], trust is an expectation that a partner is a reliable person who fulfills obligations in a predictable way and acts honestly in the face of various situations. Similarly, Whitener et al. [10] emphasize the aspects of expectation and confidence that a partner will act in common interest; it is connected with a certain level of dependence and risk concerning this behavior. As Tzafrir and Eitam-Meilik [11] claim, trust is willingness to invest one's efforts in relations with others which results from positive expectations being a consequence of previous mutual interactions. Hosmer [12] and Meyer et al. [13] highlight the aspect of voluntary dependence which underlies trust. The same is claimed by Grudzewski et al. [14] who show that trust is a conviction on the basis of which unit A agrees to be dependent on unit B (person, object, organization) in a given situation and has a sense of relative security, even though negative consequences are possible. In literature, trust is encapsulated as: a set of specific expectations towards a partner, agreement to be in a relation of interdependence or dependence, a bridge between past and future experiences, a dynamic and temporary value which is developing or may be lost. Trust is closely connected with a wider context of social capital. Putnam [15, p. 258] emphasizes that trust is its basic component and defines social capital as "such features of society as trust, norms and links which may increase efficiency of a society by means of facilitating coordinated activities". The significance of trust for success of organizations is essential, both from the internal and external perspectives of the organizations. At present "organizations are not built on power, but on trust" [16, p. 65]. The company's standing mainly

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consists of immaterial elements based on trust (reputation, goodwill), the so-called credibility or trust capital. The growth in the significance of trust in business relations is connected with a wider access to information concerning products and services, a bigger possibility of choice, and faster and cheaper communication with rival companies. Due to its properties, trust may create a constant competitive advantage in organizations based on knowledge. Strong and average signs of trust may be the source of competitive advantage [17]. The atmosphere of trust is an additional value and a key factor in information flow and knowledge management [18], allows for controlling hidden knowledge which cannot be controlled by formal mechanisms because of its uniqueness and small codification. It also stimulates the processes of knowledge-sharing [19] as well as processes of learning through triggering social relations that are informal communication channels. Studies carried out by Herting [20] confirm a statistically important correlation between trust and corporate innovations; trust enhances one of the basic conditions of innovation, namely, the process of creating and disseminating knowledge [21]. Trust-based cooperation makes it possible to trigger creativity, generate innovative solutions but also successfully implement innovations [22]. Moreover, trust reduces transactional costs as long-term business partners do not need to control each other or sign detailed contracts any more. It has a particular impact on reducing the ex-post transactional costs, that is, the costs of monitoring and enforcement [23]. Trust of clients, employees or suppliers lowers the costs of winning them over.

2. The purpose and method of the research

The purpose of research performed for this paper is to define the level of trust of employees in employer: as an organization (total trust), supervisors (vertical trust) and coworkers (horizontal trust). In order to achieve this objective, primary research had to be carried out in the form of a survey. It was conducted among employees of business entities. The respondents were asked to answer five groups of questions including demographic ones. Three of them referred to the level of trust in: whole organization, supervisors and co-workers. Each kind of trust was examined by using the scale prepared on the basis of Trust Assessment Scale verified by Wichita State University and Tzafirir and Dolan's trust scale [24]. Each scale was adjusted to the Polish conditions and included the following dimensions: ability, benevolence and integrity. It could also be reasonably suggested that studies applying the same theoretical approach should share at least the common conceptualization and components of trust, although measurement may differ according to the context (i.e. industry, vertical or horizontal relationship type) [25]. All items are fashioned in a five-point Likert format, with a combination of positively and negatively worded questions.

259 people participated in the research, 63% of which were women and 37% men. The most numerous group – 41% – comprised people aged 25-35, 31% were people aged 36-45, and 18% were respondents over 45 years. As regards education, most informants (55%) completed higher education, 39% – secondary education and only 5% – lower than secondary. Most informants worked in dolnoslaskie voivodship (49%) whereas 32% – in malopolskie voivodship. 61% of respondents lived in municipalities with a population of up to 50 thousand residents, cities with a population between 50 and 500 thousand were inhabited by 25% of informants, and the remaining ones lived in big cities with 500 thousand residents and more. The majority of those surveyed had employment contracts for an indefinite period of time, while 35% for a definite time. Others had contracts of a different type, e.g. temporary work, part-time work or probationary employment contracts. A large majority of those questioned were employed in the services and industrial sectors, 54% and 45%, respectively. Most of the participating employees had seniority below 3 years (42%), seniority of 9-13 years was declared by 18% of informants, whereas the remaining ones had seniority above 14 years. In the vast majority of cases, the companies in which the informants are employed represent the private sector (87%), other are public sector or self-government administration companies. As much as 50% of the enterprises which took part in the research are well present on the market for over 15 years. 19% of the enterprises examined are small entities, 20% – entities which employ 50-200 people, 28% – entities with 201-500 workers, and 33% – companies with more than 500 employees.

The research concerning trust conducted so far mainly concentrates on the significance of trust in the supervisor-subordinate relation [26]. Therefore, there is a need to carry out comprehensive research involving an analysis of different types of trust. It seems that an impact of other types of trust on company's efficiency, e.g. horizontal trust in view of growing significance of teamwork, becomes more and more crucial.

3. Results and discussion

The level of trust in individual dimensions was researched in two ways. At first, the informants participated in a scale-based test. The scale measured general trust in three dimensions and involved from 14 to 24 statements. Next the respondents again determined their own general attitude within the area of a given dimension of trust, this time by means of only one question.

3.1. General level of trust

It turns out that the respondents rated highest the trust in the supervisor-subordinate relation, vertical trust (mean: 3.78) as well as in relations between workers, horizontal trust (mean: 3.76). Institutional trust was graded lowest (mean: 3.46).

The tables below present Spearman's rank correlation analysis results (R) that verify which of the assessed statements are most connected with the total mean in individual areas. The higher the correlation coefficient is, the greater impact an individual question has on the general coefficient. It needs to be noted though that almost all coefficients were very high and statistically important. It means that almost all studied aspects have an influence on the general level of trust in the given area.

Statements concerning horizontal trust	R	t(N-2)
1. If I had problem with anything concerning my work, I could safely talk to my colleagues about my fears and get advice.	0.72	16.8
2. I am sure that my co-workers wish me all the best.	0.75	18.3
3. I am sure that I would get help from my colleagues.	0.73	17.4
4. I am convinced that my colleagues are honest.	0.73	17.0

Source: own study

Fig 1: Table of statements which determine trust in relations between workers

The obtained results show that the relations between co-workers are strongly influenced by convictions concerning kindness and honesty of colleagues as well as readiness to give help or a piece of advice. Sources of this type of trust are interpersonal in nature [27], considered on the level of personal relations, or relational [28], connected with a conviction that the other person will act taking into account partner's interest.

Statements concerning vertical trust	R	t(N-2)
1. In my organization, there is an atmosphere of true mutual trust between employees and managers.	0.72	16.4
2. My boss is a competent and skilled team manager.	0.74	17.7
3. I think that my supervisor takes good decisions.	0.79	20.7
4. If I had a problem with anything concerning my work, I could safely talk to my supervisors about my fears.	0.73	17.1
5. My supervisor is a moral authority for me.	0.75	18.3
6. I think that my boss is fair about employees.	0.80	21.3
7. My boss has well-developed interpersonal skills.	0.77	19.1
8. My boss openly talks with me about matters which are important for me.	0.70	15.8
9. My boss is interested in my needs and problems, if they arise.	0.77	19.0
10. Generally speaking, my boss keeps his/her word.	0.71	16.0
11. Everyday business meetings with my boss are a pleasant experience.	0.79	19.3

Source: own study

Fig 2: Table of statements which determine trust in supervisor-subordinate relation

Trust of employees in their managers is influenced by such factors as the sense of fair rewarding, belief about manager's competences and manager's interest in employee's problems. The results show that apart from the above-mentioned interpersonal and relational trust, there are also other types of trust that matter in the supervisor-subordinate relation; these are:

- trust based on norms, values [29] and a conviction that a confidant who has greater power observes social obligations,
- competence trust related to a tendency to keep one's word [30],
- trust based on knowledge which develops thanks to previous interactions and guarantees communication combined with an exchange of needs, preferences and opinions [31],
- trust based on passion [32] conditioned by reciprocated emotional bonds.

The table below includes statements which have the strongest impact on the institutional trust.

Statements concerning institutional trust	R	t(N-2)
1. Each employee is familiarized with a vision of development of my company.	0.69	15.3
2. As a company, we aim at clearly defined goals.	0.68	14.7
3. In my organization, conflicts are systematically resolved.	0.72	17.0
4. A flow of information in my company is fast and effective.	0.72	16.6
5. Norms set out in our organization support engagement.	0.69	15.4

Source: own study

Fig 3: Table of statements defining institutional trust

The obtained results reveal that in order to build trust in organizations, the respondents mainly need a continuous and effective flow of information, expect that conflicts be resolved systematically, want to be familiar with their company's goals, and be asserted that their company has clearly defined objectives. Trust is further confirmed by the respondents when norms within an organization facilitate engagement. The results indicate that the elements which build the institutional trust involve a conviction that the company is efficient, consequent and has taken steps in the right direction, which coincides with the factors described in literature [33].

3.2. Dimensions of trust depending on respondent's particulars and a company

Women express significantly lower levels of institutional trust in comparison to men ($p=0.0024$) and evaluate the quality of relations in the vertical relation a bit worse than men ($p=0.0303$). The research carried out so far by the author Lewicka [34] shows that, in general, women have higher expectations in the area of relations than men. The achieved result may be a consequence of the above. People with higher and secondary education rate the relations between co-workers higher ($p=0.0000$). It may suggest that there are differences in the nature of relations between various groups of employees. The relations with co-workers are evaluated higher in companies located in cities with a population of over 50 thousand residents ($p=0.0151$) and in the services sector as compared to the industrial or agricultural sectors ($p=0.0003$). A similar dependence can be observed in the supervisor-subordinate relation ($p=0.0138$). Interestingly, the shorter the company is on the market $p=0.0001$ (institutional trust), $p=0.0000$ (horizontal trust), $p=0.0000$ (vertical trust), the higher all the analyzed dimensions are evaluated by the respondents (best results in companies up to 5 years on the market). It might confirm a thesis that trust is prone to changes under the influence of negative factors. A loss of trust in an enterprise may be caused by not fully conscious decision-making and not reflecting upon the consequences of certain actions on others. Moreover, most institutions or individuals do not attempt to methodically recover lost trust. The size of a company has an influence on the level of trust in all analyzed dimensions. As pointed out by the informants, small companies which employ not more than 49 people deserve greater trust. It concerns all types of trust but in the case of vertical trust ($p=0.0000$) and horizontal trust ($p=0.0067$), the values decrease with the company's size, whereas in the case of institutional trust ($p=0.0001$), it is greatest in small companies. The presented results lead to a conclusion that the bigger an enterprise is, the more carefully the coordinated programs of trust management should be implemented.

4. Conclusions

The conducted research reveals that the respondents declare the highest level of trust in organizations in the vertical and horizontal aspects while they evaluate the institutional aspect a little lower. Trust in vertical relations is a prerequisite for the effective implementation of changes. The research shows that managers who are perceived as trustworthy are more successful in attracting and keeping the best employees as well as promoting changes and innovation [35]. Furthermore, workers are more prone to engage in achieving their goals if they have positive social relations with their supervisors [36]. The research also points out that employees do not trust their supervisors as much as they used to, which results in a decrease in productivity and the company's results [37]. Taking the above into account, the obtained results should instill optimism. It should also be noted that the significance of horizontal trust is increasing. The growing importance of teamwork seems to be one of the main reasons for that. Working on projects, which are often very complex, makes employees depend on the results of work of their colleagues and involves a greater demand for trust in teams. The results clearly show that the shorter a company is present on the market, the higher level of trust is declared by employees in all analyzed dimensions. Another variable, which influences the level of trust, is the size of a company. It turns out that, statistically, the informants employed in small business entities significantly higher evaluate trust in company in all analyzed dimensions.

The conducted research emphasizes these aspects which managers should take into account in the process of building and improving trust in organization.

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